

Message Text

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PLEASE PASS TO JULIUS L. KATZ AT CHIEFS OF MISSION CONFERENCE,
HONOLULU

FOLLOWING TEL SENT ACTION BERN, BONN, BRASILIA, BRUSSELS,
BUENOS AIRES, CANBERRA, HELSINKI, LONDON, LUXEMBOURG,
MADRID, MESICO, MOSCOW INFO OECD PARIS, EC BRUSSELS, GENEVA,
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SEOUL, STOCKHOLM, THE HAGUE, TOKYO, VIENNA, WARSAW, HONG KONG
FROM STATE JAN 17:

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ESCAPE CLAUSE PROCEEDING ON ALLOW STEEL - UNITED
STATES INTERNATIONAL TRADE COMMISSION (USITC) MAKES FIRST
AFFIRMATIVE DETERMINATION

REF: STATE 176658, JULY 26, 1975

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1. FOLLOWING IS TEXT OF PERTINENT PART OF USITC PRESS

RELEASE DATED JANUARY 16 ANNOUNCING THAT DOMESTIC PRODUCERS OF CERTAIN ALLOY STEEL ARE ELIGIBLE FOR ASSISTANCE UNDER THE IMPORT RELIEF PROVISIONS OF THE TRADE ACT OF 1974: BEGIN TEXT.

THE UNITED STATES INTERNATIONAL TRADE COMMISSION TODAY NOTIFIED THE PRESIDENT THAT INCREASED IMPORTS OF STAINLESS AND ALLOY TOOL STEEL ARE A SUBSTANTIAL CAUSE OF SERIOUS INJURY TO CERTAIN UNITED STATES INDUSTRIES. THIS IS THE FIRST TIME THAT THE COMMISSION HAS MADE AN AFFIRMATIVE DECISION IN AN IMPORT RELIEF INVESTIGATION UNDER THE NEW TRADE ACT.

CHAIRMAN WILL E. LEONARD, VICE CHAIRMAN DANIEL MINCHEW, AND COMMISSIONER GEORGE M. MOORE AND CATHERINE BEDELL JOINED IN THE AFFIRMATIVE VOTE. COMMISSIONER ITALO H. ABLONDI DISSENTED, AND COMMISSIONER JOSEPH O. PARKER

ABSTAINED.

THE COMMISSION FOUND THAT QUOTAS ON IMPORTS BASED ON INDIVIDUAL PRODUCTS AND COUNTRIES AND GEARED TO U.S. CONSUMPTION ARE NECESSARY TO REMEDY THE INJURY TO THE DOMESTIC INJURY. ANNUAL QUOTAS OF 146,000 SHORT TONS WERE PROPOSED, BEGINNING WITH CALENDAR YEAR 1976. QUOTAS FOR SPECIFIC PRODUCTS INCLUDED 79,000 TONS FOR STAINLESS SHEET AND STRIP, 13,000 TONS FOR STAINLESS PLATE, 19,600 TONS FOR STAINLESS BAR, 16,000 TONS FOR STAINLESS ROD, AND 18,400 TONS FOR ALLOY TOOL STEEL. THE QUOTAS, WHICH MAY BE EXPANDED IF MARKET DEMAND GROWS, ARE BASED ON AVERAGE IMPORTS FOR THE YEARS 1970-1974. QUOTAS WOULD BE IN EFFECT FOR A 5-YEAR PERIOD.

STAINLESS STEELS ARE USED EXTENSIVELY IN THE FOOD, CHEMICAL, TEXTILE, POLLUTION CONTROL, AND ELECTRICAL POWER INDUSTRIES, AND IN OTHER AREAS WHICH REQUIRE EXCEPTIONAL STRENGTH AND RESISTANCE TO OXIDATION. ALLOY TOOL STEELS ARE USED PRIMARILY TO MAKE TOOLS CAPABLE OF CUTTING, FORMING, AND OTHERWISE SHAPING OTHER MATERIALS IN THE MANUFACTURE OF NEARLY ALL PRODUCTS OF INDUSTRY.

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TOOL STEELS ARE NOTED FOR THEIR HARDNESS AND THEIR RESISTANCE TO HEAT AND ABRASION.

163,000 TONS OF STAINLESS AND ALLOY TOOL STEEL, VALUED AT \$185.3 MILLION, WERE IMPORTED INTO THE UNITED STATES IN 1974. IMPORTS ORIGINATED PRIMARILY IN JAPAN, SWEDEN, CANADA, FRANCE, THE UNITED KINGDOM, AND WEST GERMANY.

APPROXIMATELY 21,200 PERSONS ARE CURRENTLY EMPLOYED IN THE UNITED STATES IN THE PRODUCTION OF STAINLESS AND ALLOY TOOL STEELS. THE BULK OF THESE SPECIALTY STEELS ARE PRODUCED IN PENNSYLVANIA. END TEXT.

2. EXECUTIVE AGENCIES WILL ANALYZE REPORT AND FORMULATE A RECOMMENDATION TO THE PRESIDENT. PRESIDENT MAY ACCEPT, MODIFY OR REJECT THE PROPOSED IMPORT CONTROL PROGRAM. THE PRESIDENT WILL MAKE A DECISION ON THE AFOREMENTIONED OPTIONS WITHIN 60 DAYS.

3. GENEVA AND PARIS INFORM GATT AND OECD SECRETARIATS RESPECTIVELY.

4. COMMISSIONS REPORT WILL BE AIRPOUCHED ASAP. KISSINGER UNQUOTE SISCO

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